

MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- The final estimate for **inflation-adjusted Gross Domestic Product (GDP)** in the fourth quarter of 2007 indicated an annualized growth rate of 0.6%, significantly down from 4.9% in the third quarter. Weakness in residential investment and declines in business inventories more than offset any positive contribution from other major sectors -- all of which increased, but at much slower rates than during the fourth quarter.
- **Housing starts** posted a gain in January over the December level, rising 7.1%. However, starts remained 27.9% below the level in January 2007 and down 53.0% from the January 2006 peak. Gains over December were present in all areas of the country other than the South. No regions exhibited year-over-year gains in housing starts.
- Seasonally adjusted **light vehicle sales** were lower in January, compared with both December and one year ago. Compared with December, automobile sales were down 7.6% and light truck sales were 3.6% lower. Compared with January 2007, auto sales were down 5.3% and light truck sales were 10.4% lower. Declines were present in both imported and domestically manufactured vehicles. Except for the December-to-January decline in auto sales, sales of imports fell more rapidly than domestic vehicle sales.
- The **U.S. Consumer Price Index** for January grew at an annual rate of 4.8% from the December level (after growing at a 13.9% annual rate in November and 3.4% in December) and was 4.4% above the level one year ago. Higher energy prices tied with food prices in exhibiting the strongest monthly growth. The energy price increases in January were below those in recent months, while prices rose more rapidly in every other sector. Compared with one year ago, energy prices were up 19.6%, followed by medical care (4.9%) and food prices (4.9%).



- **Michigan wage and salary employment** grew by 3,000 jobs in January from the December level, although December's 4,000 job gain was revised down to a 900 job decline. Compared with January 2007, only education/health services showed higher employment (up 1.9% or 11,000 jobs). The largest declines were in manufacturing (-31,000 jobs), construction (-10,000), and government and professional/business services (both -8,000).
- After a break during December, **average weekly earnings** in January were higher in most sectors, despite the weakness in employment (a phenomenon exhibited for most of 2007). Compared with one year ago, January earnings were up 7.4% in financial services, followed by 5.6% in manufacturing and 5.0% at food and beverage stores. Only earnings in the wholesale trade sector exhibited a decline, falling 0.2%.
- January **revenue from Michigan's major taxes** was down 4.9% from one year ago, reflecting lower year-over-year collections from most taxes. The most notable exception was income tax revenue, reflecting the new higher tax rate, which was up 3.3% from one year ago. Adjusted for the rate increase, income tax collections were down approximately 5.5% from January 2007.



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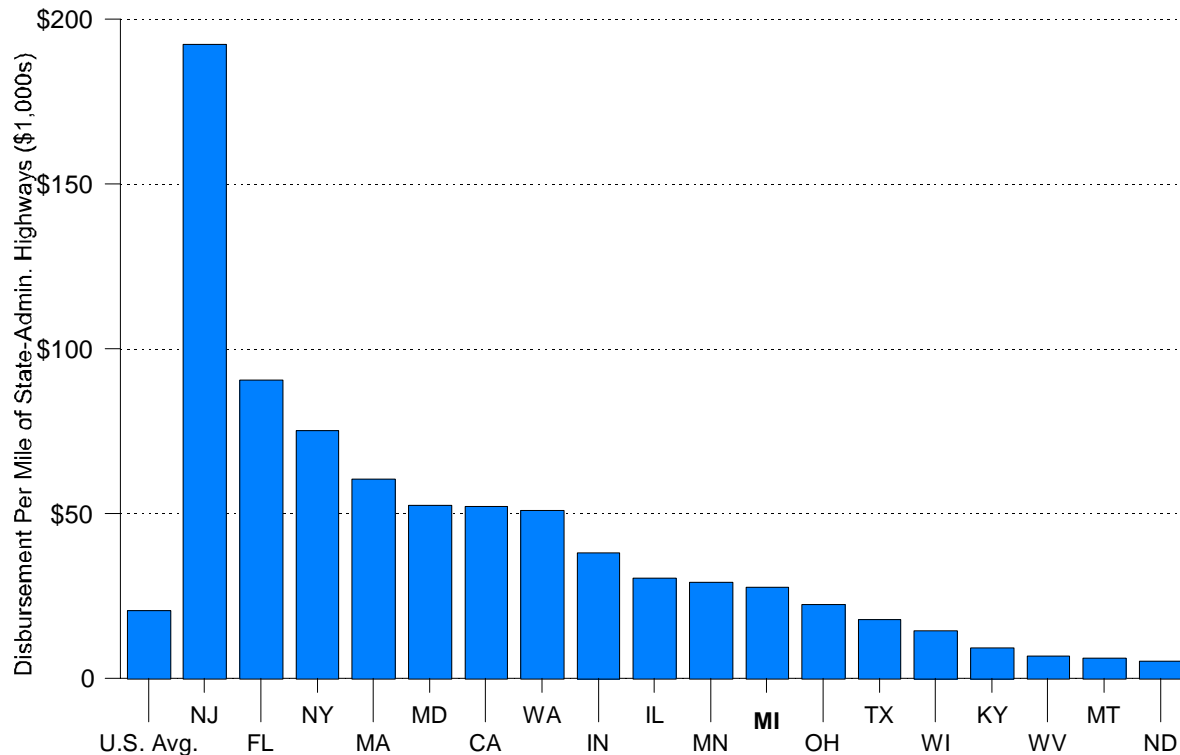
U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Jan. 2008	Dec. 2007	Jan. 2007	<u>Change from Dec.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	153,824	153,866	152,958	(42)	(0.0)%	866	0.6%
Employment	146,248	146,211	145,915	37	0.0	333	0.2
Unemployment	7,576	7,655	7,043	(79)	(1.0)	533	7.6
Unemployment Rate	4.9%	5.0%	4.6%	---	---	---	---

Michigan	Jan. 2008	Dec. 2007	Jan. 2007	<u>Change from Dec.</u>		<u>Change from Year Ago</u>	
				Number	Percent	Number	Percent
Labor Force	5,003	4,989	5,048	14	0.3%	(45)	(0.9)%
Employment	4,650	4,617	4,694	33	0.7	(44)	(0.9)
Unemployment	353	372	355	(18)	(4.9)	(1)	(0.3)
Unemployment Rate	7.1%	7.4%	7.0%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor

State Disbursements for Highway Maintenance & Service, 2005
Cost Per Mile of State-Administered Highways



Source: Federal Highway Administration, U.S. Department of Transportation

MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Jan. 2008*	Dec. 2007	Jan. 2007	<u>Change from Dec.</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,230	4,227	4,289	3	0.1%	(58)	(1.4)%
Goods Producing Industries	767	770	808	(3)	(0.4)	(41)	(5.1)
Natural Resources & Mining	7	7	8	0	0.0	(1)	(6.3)
Construction	164	161	173	2	1.4	(10)	(5.5)
Manufacturing	596	601	626	(6)	(0.9)	(31)	(4.9)
Transportation Equipment	187	194	206	(7)	(3.8)	(19)	(9.4)
Service Producing Industries	3,464	3,457	3,481	7	0.2	(17)	(0.5)
Trade, Transportation & Utilities	788	784	794	4	0.5	(6)	(0.8)
Information	65	65	66	0	0.0	(0)	(0.6)
Financial Activities	209	209	213	(0)	(0.0)	(4)	(1.8)
Professional & Business Services	569	569	577	0	0.1	(8)	(1.4)
Education & Health Services	601	600	589	1	0.1	11	1.9
Leisure & Hospitality Services	405	403	406	2	0.4	(2)	(0.4)
Other Services	176	177	176	(1)	(0.3)	(0)	(0.2)
Government	651	651	659	0	0.0	(8)	(1.3)
Source: Bureau of Labor Statistics, U.S. Department of Labor * Preliminary							

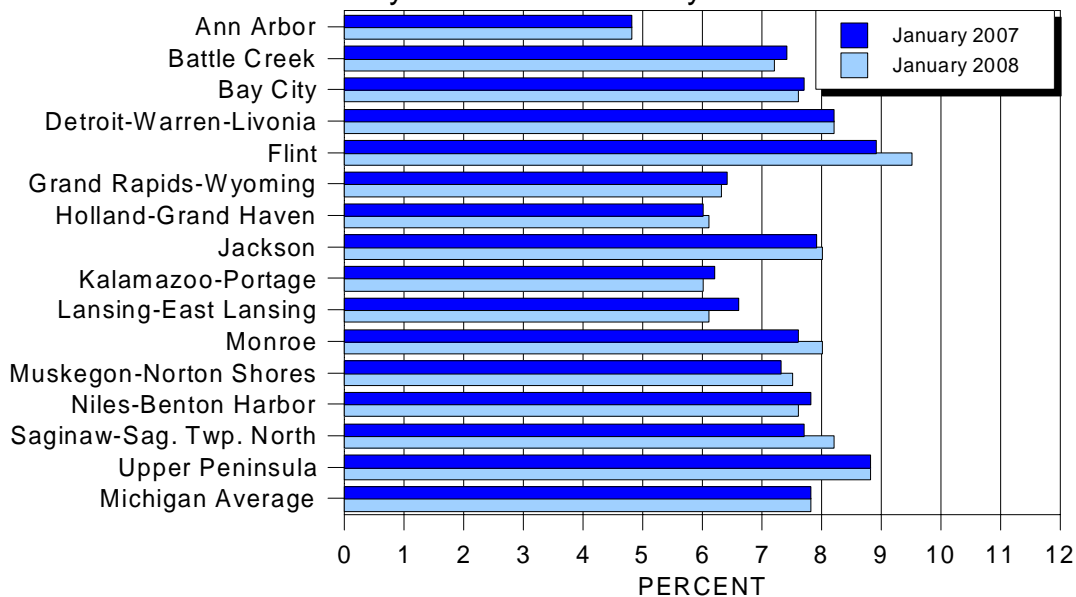
MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Jan. 2008	Year Ago	Percent Change	Jan. 2008	Year Ago	Percent Change
Construction	34.7	36.1	(3.9)%	763.05	792.40	(3.7)%
Manufacturing	42.8	40.7	5.2	948.88	898.66	5.6
Durable Goods	44.9	41.9	7.2	1,067.27	1,001.41	6.6
Transportation Equipment Mfg.	44.4	41.8	6.2	1,254.74	1,211.78	3.5
Motor Vehicle Parts Mfg.	43.5	41.7	4.3	1,110.56	1,100.05	1.0
Nondurable Goods	36.1	37.0	(2.4)	572.19	567.95	0.7
Wholesale Trade	38.7	38.9	(0.5)	753.10	754.66	(0.2)
Retail Trade	30.2	30.0	0.7	372.06	363.90	2.2
Food & Beverage Stores	27.9	28.4	(1.8)	293.79	279.74	5.0
Information	33.2	33.4	(0.6)	721.44	720.10	0.2
Financial Activities	35.0	34.2	2.3	677.60	630.65	7.4
Professional & Business Services	34.1	34.5	(1.2)	683.36	676.55	1.0
Health Care & Social Assistance	35.6	36.0	(1.1)	624.42	607.32	2.8
Leisure & Hospitality	21.6	21.7	(0.5)	200.66	194.43	3.2
Accommodation & Food Services	21.6	21.8	(0.9)	195.70	190.53	2.7
Source: Bureau of Labor Statistics, U.S. Department of Labor						

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Jan. 2008*	Dec. 2007	Nov. 2007	Jan. 2007
Metropolitan Statistical Areas				
Ann Arbor	4.8%	4.7%	4.5%	4.8%
Battle Creek	7.2	6.8	6.3	7.4
Bay City	7.6	7.0	6.2	7.7
Detroit-Warren-Livonia	8.2	8.0	7.6	8.2
Flint	9.5	8.2	7.7	8.9
Grand Rapids-Wyoming	6.3	5.9	5.5	6.4
Holland-Grand Haven	6.1	5.8	5.3	6.0
Jackson	8.0	7.6	7.1	7.9
Kalamazoo-Portage	6.0	5.7	5.2	6.2
Lansing-East Lansing	6.1	5.7	5.1	6.6
Monroe	8.0	6.6	6.2	7.6
Muskegon-Norton Shores	7.5	7.0	6.7	7.3
Niles-Benton Harbor	7.6	7.2	6.6	7.8
Saginaw-Saginaw Twp North	8.2	7.3	6.7	7.7
Multi-County Areas				
Northeast Lower Michigan	12.4	11.1	9.2	12.0
Northwest Lower Michigan	9.2	8.5	7.4	9.1
Upper Peninsula	8.8	8.1	6.8	8.8
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.8	7.4	6.8	7.8
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

January 2007 and January 2008



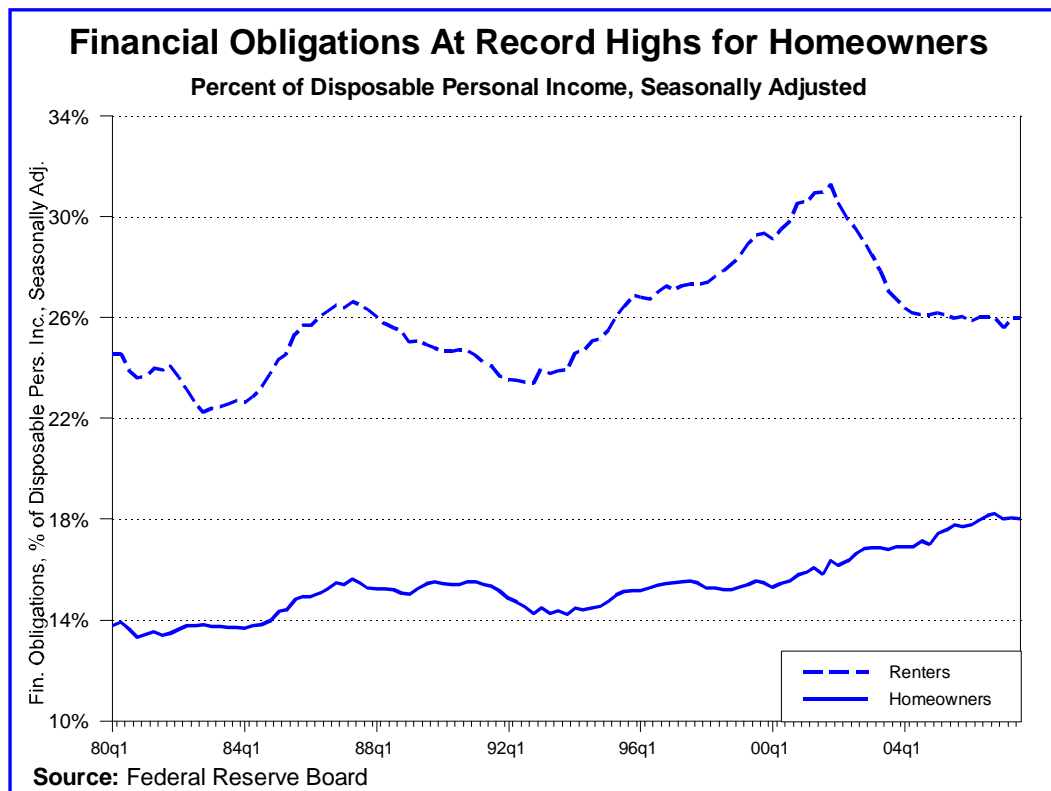
Source: Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	Jan. 2008	Dec. 2007	Nov. 2007	Oct. 2007	Year Ago Jan.	Percent Change From:	
						Jan./Dec.	Jan. 2008/ Jan. 2007
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,269	7,869	7,975	7,499	7,677	(7.6)%	(5.3)%
Domestics	5,069	5,536	5,622	5,152	5,239	(8.4)	(3.2)
Imports	2,200	2,333	2,353	2,347	2,438	(5.7)	(9.8)
Import Share	30.3%	29.6%	29.5%	31.3%	31.8%	---	---
Light Trucks	7,996	8,293	8,162	8,516	8,922	(3.6)	(10.4)
Domestics	6,682	6,887	6,761	7,057	7,448	(3.0)	(10.3)
Imports	1,314	1,406	1,401	1,459	1,474	(6.5)	(10.9)
Import Share	16.4%	17.0%	17.2%	17.1%	16.5%	---	---
Subtotal: Light Vehicle Sales	15,265	16,162	16,137	16,015	16,599	(5.6)	(8.0)
Heavy Trucks	330	347	325	335	513	(4.9)	(35.7)
Total Vehicle Sales	15,595	16,509	16,462	16,350	17,112	(5.5)	(8.9)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,977	4,058	3,950	3,912	4,135	(2.0)	(3.8)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	1,119	925	1,138	1,127	976	21.0	14.7
Trucks	1,072	1,009	1,354	1,390	1,186	6.3	(9.5)
Total	2,192	1,934	2,491	2,517	2,161	13.3	1.4
Michigan Production as % of U.S.	20.1%	22.2%	22.5%	23.1%	19.4%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,430	1,394	1,476	1,377	1,603	2.6	(10.8)
Days Supply	69	55	63	61	76	25.5	(9.2)
Total Truck	1,886	1,855	1,998	1,913	1,904	1.7	(0.9)
Days Supply	89	66	84	77	85	34.8	4.7

SAAR = Seasonally Adjusted at Annual Rates.

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 3) Automotive News, Crain Communications, Inc. (ending inventory).



OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	January	132.9	134.2	139.6	(1.0)%	(4.8)%
Coincident Index ¹⁾ (1992=100)	January	154.4	154.4	152.5	0.0	1.2
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	January	1,071	1,000	1,403	7.1	(23.7)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	January	\$343.9	\$342.2	\$331.0	0.5	3.9
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	January	114.3	114.2	111.7	0.1	2.3
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	January	81.5	81.6	81.1	(0.1)	0.5
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	January	212.5	211.7	203.6	4.8	4.4
Detroit (not seasonally adjusted)	January	200.2	201.8	196.4	(4.6)	1.9
Interest Rates						
3-month Treasury Bill ³⁾	January	2.86%	3.08%	4.96%	---	---
Corporate Aaa Bonds ³⁾	January	5.33%	5.49%	5.40%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2007 4th Qtr.	\$11,675.7	\$11,658.9	\$11,395.5	0.6	2.5
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Jan. 2007	\$1,918.9	\$1,737.1	\$2,017.1	NM	(4.9)

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute. 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

